

Executive Registry

82-0208

OEXA 82-0331

HPSU

MEMORANDUM FOR: Director of Central Intelligence

VIA : Deputy Director of Central Intelligence
Executive DirectorFROM : James N. Glerum
Director of Personnel

SUBJECT : Review of the Administration of CIARDS []

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1. Action Requested: That you transmit the annual report on the administration of CIARDS to the House Permanent Select Committee on Intelligence. []

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2. Background: In April 1976 the House Armed Services Committee, which at that time had jurisdiction over CIA, established the requirement for an annual report from the Agency on the administration of CIARDS. The 1976 and 1977 reports were submitted to the Armed Services Committee of the House. In 1978 the House Permanent Select Committee on Intelligence asked that it henceforth receive the annual report on CIARDS. []

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The previous reports were prepared by [], an outside consultant, uniquely qualified in Federal retirement systems. We were fortunate to have [] review our administration of CIARDS again this year and prepare the attached report. [] became ill while working on the report and we advised the Chairman of the House Permanent Select Committee on Intelligence that the normal December submission would be delayed.

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3. Staff Position: In his letter of transmittal to you, [] concludes that "the Agency is exercising its discretionary authority and is administering the Central Intelligence Agency Retirement and Disability System in a manner consistent in every way with the intent of Congress." I believe you will be satisfied with his findings. []

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4. Recommendation: That you sign the attached letter transmitting the annual report to the Chairman of the House Permanent Select Committee on Intelligence. ☐

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James N. Glerum

Attachments:

A--Transmittal letter to Chairman, House Permanent Select Committee, House of Representatives

B--Annual Review of Designation of Participants Under Section 203 of the CIA Retirement Act

CONCURRENCE:

Director, 15/ External Affairs

1/25/82
Date

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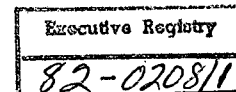
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Central Intelligence Agency



Washington, D.C. 20505



28 JAN 1982

Honorable Edward P. Boland, Chairman
Permanent Select Committee on Intelligence
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

Forwarded herewith is the annual report on the administration of the CIA Retirement and Disability System for FY 1981. The present report, as were the previous reports on the administration of CIARDS, was prepared by [redacted]. We are fortunate to have an individual of his eminence in the retirement field to conduct this review.

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I am pleased that [redacted] has determined that the Agency is continuing to administer the CIARD System in conformity with the law, the regulations and the intent of Congress.

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Sincerely,

/s/ William J. Casey

William J. Casey
Director of Central Intelligence

Enclosure:

Annual Review of Designation of Participants
Under Section 203 of the CIA Retirement Act,
by [redacted] December 1981

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- 1 - DD/Pers/SP (w/o atts)
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ANALYSIS OF DESIGNATION OF PARTICIPANTS
UNDER SECTION 203 OF THE CIA RETIREMENT ACT



January 1982

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7 January 1982

The Honorable William J. Casey
Director of Central Intelligence
Washington, D.C. 20505

Dear Mr. Casey:

This is the sixth in a series of annual reports prepared to comply with a request made originally by the House Armed Services Committee and continued by the House Permanent Select Committee on Intelligence.

The study on which this report is based was made primarily to determine the extent to which the Agency is complying with the intent of Congress that the Central Intelligence Agency Retirement and Disability System be established and maintained for a limited number of employees. To a large extent, participation depends on how conservatively the Agency applies strict criteria established for the purpose of determining what service is qualifying.

During the fiscal year ending 30 September 1981, which this report covers, there were no changes in the law, the regulations, or Agency policy that will have any bearing on the exercise of discretion to designate employees for participation in the Central Intelligence Agency Retirement and Disability System or in determining what service is qualifying.

Acting under your delegated authority, the Central Intelligence Agency Retirement Board and the Director of Personnel continue to decide what service is qualifying for designation of employees for participation in CIARDS in full compliance with the law, the regulations, and established Agency policies. No deviations or exceptions were found after extensive review.

The Agency is exercising its discretionary authority and is administering the Central Intelligence Agency Retirement and Disability System in a manner consistent in every way with the intent of Congress.

Sincerely yours,

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THIS LETTER IS UNCLASSIFIED
WHEN ATTACHMENT IS REMOVED

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C O N T E N T S

	<u>Page</u>
Part I. INTRODUCTION.....	1
Why this Study was Made.....	1
Scope of this Report.....	2
How the Study was Conducted.....	3
How the Report is Organized.....	3
Part II. WHAT HAPPENED DURING THE REPORTING PERIOD.....	5
CIA Retirement Board.....	7
Qualifying Service Used in Current Retirements.....	10
TABLE A - Non-Disability Retirees by Qualifying Service.....	12
TABLE B - Months of Domestic Service Approved as Qualifying.....	12
TABLE C - Months of Qualifying Service by Type.....	13
Changes in CIA Retirement Act.....	14
Executive Orders.....	15
Regulations.....	16
Name Change for Personnel Function.....	18
Inspector General Study of CIARDS.....	19
Part III. STATISTICAL DATA.....	21
Participation in CIARDS.....	21
Designations and Removals.....	22
CIARDS Participation Based on Domestic Service.....	22
CIARDS Retirement Eligibility.....	23
Retirements in the Fiscal Year 1981.....	23
Retirements from 1965 to 30 September 1981.....	24
Qualifying Service.....	25
Age Comparisons.....	26
Tables	
1. Participation in CIARDS.....	27
2. CIARDS Designations and Removals.....	28
3. CIARDS Participation Based in Part <u>on Domestic Qualifying Service</u>	29

S-E-C-R-E-T

4.	<u>CIARDS Retirement Eligibility</u>	29
5.	<u>Retirements by Source</u>	30
6.	<u>Retirements by Attained Age</u>	31
7.	<u>CIARDS Retirements by Total</u> <u>Federal Service</u>	32
8.	<u>Employees Retired under CIARDS</u> <u>at Age 50, by Years of Service</u>	33
9.	<u>CIARDS Retirements and Deaths in Service</u>	34
10.	<u>Civil Service Retirements</u>	35
11.	<u>Total Retirements by System</u>	36
12.	<u>Average Age of Retirees</u>	37
13.	<u>Retirements by Age Groups</u>	38
14.	<u>Retirements by Grade</u>	39
15.	<u>Percent of GS Retirements at GS-12</u> <u>and above</u>	40
16.	<u>Non-Disability CIARDS Retirees by Type of</u> <u>Qualifying Service</u>	41
17.	<u>Months of Domestic Service Approved</u> <u>as Qualifying</u>	41
18.	<u>Non-Disability CIARDS Retirees by Months</u> <u>of Qualifying Service</u>	42
19.	<u>Age and Grade Comparisons</u>	43
20.	<u>Age Group Comparisons</u>	44
21.	<u>Operations Career Service Personnel</u>	45
22.	<u>Comparative Age Distribution</u>	46
Part IV.	<u>FINDINGS AND CONCLUSION</u>	47
	<u>Findings</u>	47
	<u>Conclusion</u>	48

S-E-C-R-E-T

PART I
INTRODUCTIONWHY THIS STUDY WAS MADE

Once each year the Central Intelligence Agency submits to the appropriate Committees of the Congress a report of the Agency's exercise of discretion in designating employees for participation in the Central Intelligence Agency Retirement and Disability System (CIARDS). This is the sixth annual report.

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During consideration of the pending Bill HR 13615 in 1976, the Armed Services Committee of the House of Representatives expressed concern that the Central Intelligence Agency might not be following the strict policy that the Congress intended for the designation of employees for participation in CIARDS. This concern was reflected in the following directive which the committee included in its report on the Bill:

"When the CIA Retirement Act was originally considered by Congress in 1964 particular attention was focused on section 203 of the Act, which authorizes the Director to designate 'such Agency officers and employees whose duties are determined by the Director to be (i) in support of Agency activities abroad hazardous to life or health or (ii) so specialized because of security requirements as to be clearly distinguishable from normal government employment, hereafter referred to as participants, who shall be entitled to the benefits of the system'. Essentially, that provision was the basis for creating a separate retirement system and it was the intent of Congress that this system should apply to the relatively small percentage of Agency employees who were actually subjected to these very special hazards.

"During the course of consideration of this legislation there have been indications that in recent years there may have been deviations on the part of the Agency in administering this separate

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system from a strict application of the provisions of section 203 in designating officers and employees as participants in the CIA Retirement system in line with the original intent of Congress when that system was created.

"Accordingly, in the exercise of its oversight function the Committee has directed that the CIA conduct a careful analysis of the application of the qualifying provisions of section 203 of the CIA Retirement Act in designating participants with reference to the special circumstances justifying their inclusion, and that the results of such analysis be reported to the Committee by the Director of Central Intelligence not later than October 1, 1976, and on an annual basis thereafter."

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The first two annual reports prepared to comply with this directive were submitted to the House Armed Services Committee. Thereafter reports, including this one, have been submitted to the House Permanent Select Committee on Intelligence which now has jurisdiction over the Central Intelligence Agency Retirement and Disability System. This committee has on several occasions expressed a desire and expectation that the Agency will continue to conduct studies and submit reports on an annual basis.

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SCOPE OF THIS REPORT

This study and report cover the fiscal year beginning 1 October 1980 and ending 30 September 1981.

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The purpose of the study was to review the performance of the Agency in designating employees for participation in CIARDS, and in approving service as qualifying for participation. It is important that the discretion given to the Director be exercised in a manner consistent with the general directions given by the Congress in the law and its legislative history, with the more specific rules issued by the Agency in its regulations, and with the even stricter operating policies adopted by the Agency since CIARDS was authorized in 1964.

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The report describes some of the pertinent events that occurred during the fiscal year. It also brings up to date a series of statistical tables that show numerically the end results of the Agency's administration of CIARDS. The numbers show the extent to which the Agency is carrying out Congressional intent that only a limited number of employees be designated for participation in the special retirement system. ☐

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The study included an examination of all Agency actions that involved the exercise of discretion in designating employees for CIARDS participation, and of all determinations of what service is qualifying. This exercise of discretion was measured against the law, the regulations, and Agency policies. ☐

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HOW THE STUDY WAS CONDUCTED

This study was conducted by the writer with the full cooperation of the Agency. All records and other information bearing on the Agency's administration of CIARDS were made available without restriction. ☐

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Pertinent Agency files and individual case records were reviewed extensively. The writer also read all the verbatim transcripts of all the CIA Retirement Board meetings held during the fiscal year and attended a Board meeting as an observer. The study included review and analysis of the statistical results of Agency administration of CIARDS, and numerous discussions with appropriate Agency officials and personnel. ☐

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HOW THE REPORT IS ORGANIZED

The report consists of four parts, as follows:

- PART I INTRODUCTION
- PART II WHAT HAPPENED DURING THE
 FISCAL YEAR

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S-E-C-R-E-T

PART III STATISTICAL DATA

PART IV FINDINGS AND CONCLUSION



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PART II

WHAT HAPPENED DURING THE FISCAL YEAR

It is important to understand that the Central Intelligence Agency Retirement and Disability System is not like most other retirement systems. It does not apply to all employees of the Agency, but only to those who are participants because they have been designated under discretionary authority the law gives to the Director. The discretion is not total, but must be exercised within written guidelines contained in the law and the regulations and be consistent with existing Agency policy. The basic governing rule is that an employee may be designated for participation only after he or she has completed at least sixty months of qualifying service. ☐

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All service performed overseas, regardless of when or where or of the type of duties, is qualifying for CIARDS participation. Most domestic service is not qualifying, but on a very restricted basis some domestic service qualifies if it (a) involves substantial risk to the life or health of the employee, or (b) requires the continued practice of stringent tradecraft for the purpose of maintaining personal cover, or (c) is so specialized or sensitive that security restrictions against describing the duties will probably prevent the employee from obtaining outside employment in his or her field of qualification. ☐

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When CIARDS was first authorized by legislation enacted in 1964, both the Agency and Congress expected that about 30 percent of employees would

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qualify for participation. While the regulation permitting designation for participation with as little as eighteen months of qualifying service was in effect, total participation reached a high of 34.6 percent of Agency employees in 1974. Participation has dropped each year since the regulation was revised to permit designation only after at least sixty months of qualifying service. In the fiscal year ending 30 September 1980, participation was down to 22.7 percent; by 30 September 1981 it had dropped to 20.8 percent. Total participation will probably be in the range of 20 to 22 percent for some years to come unless the percentage of Agency employees who work overseas changes materially.

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The number of employees retiring from the Agency dropped dramatically in fiscal year 1981. Only 311 employees retired, compared with 603 in fiscal year 1979 and 595 in fiscal year 1980. Of those retiring in 1981, 164 or 53 percent were participants in CIARDS and the other 147 or 47 percent were members of the Civil Service Retirement System.

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The narrative which follows relates some of the other events that happened during fiscal year 1981.

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CIA RETIREMENT BOARD

The Central Intelligence Agency Retirement Act of 1964 charged the Director of Central Intelligence with its administration and with the exercise of discretion to designate employees for participation in CIARDS. To assist him in carrying out his responsibilities under the act, the Director has delegated much of his authority to act to the Director of Personnel.

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Delegations from the Director of Central Intelligence to the Director of Personnel include authority:

- (a) To designate employees for participation in CIARDS,
- (b) To remove employees from CIARDS participation when they no longer qualify,
- (c) To determine whether service performed by individual employees is qualifying for CIARDS, and
- (d) To approve retirements under CIARDS.

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Almost immediately after the CIA Retirement Act was passed in 1964, the DCI established the CIA Retirement Board to assist the Director of Personnel in carrying out his CIARDS responsibilities. The Chairman and each of the four members of the Board is a senior official of the Agency. Each represents a directorate, and each is appointed by the Director of Personnel.

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There has been considerable turnover in the CIA Retirement Board in recent years. The present Chairman has served in that capacity since 1973. One of the members was appointed in August 1980 and the other three were appointed in April 1981, June 1981, and October 1981.

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Board members need not be participants in CIARDS. Only three members are in CIARDS; the Chairman and one member are in the Civil Service

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Retirement System. The present Director of Personnel is also a CIARDS participant. ☐

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Staff support for the CIA Retirement Board is provided by a Legal Advisor, a Technical Advisor, an Executive Secretary, and a Recording Secretary. Staff attend Board meetings but are not entitled to vote. ☐

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As his title implies, the Executive Secretary is essential to the functioning of the Board. He prepares an agenda for each meeting, presents items for discussion and decision, and prepares minutes after each meeting. ☐

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The Recording Secretary takes verbatim notes and prepares a transcript of the proceedings of each Board meeting. ☐

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At least partly because of the drastic reduction in the number of retirements, the Board met only eleven times during the fiscal year ending 30 September 1981. The length of meetings varied with the agenda, ranging from 7 minutes to 80 minutes, with an average length of 37 minutes. ☐

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The Board does not act with final authority. It reaches a conclusion in each case and recommends a specific action to the Director of Personnel. Decisions by the Director of Personnel are final unless appealed to the Director of Central Intelligence through the Inspector General. ☐

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The Board acts individually on each request for designation for participation in CIARDS, each removal from CIARDS, each request that domestic service be approved as qualifying, and each retirement under the Central Intelligence Agency Retirement and Disability System. During the fiscal year 1981 the Board made recommendations that resulted in actions as follows:

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97 designations for CIARDS participation

29 removals from CIARDS

14 domestic service cases approved

6 domestic service cases disapproved

164 CIARDS retirements.

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A reading of the verbatim transcripts of all eleven Board meetings during the year, and attendance as an observer at a meeting in November of 1981, satisfied this writer that the Board still gives individual attention to each individual case. Cases involving qualifying service are the most difficult and require the most time and attention.

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The Board adhered strictly to the provisions of law, the regulations, and the policies of the Agency in all of its recommendations during the year. This writer did not find any exceptions or deviations.

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QUALIFYING SERVICE USED IN CURRENT RETIREMENTS

In 1973 the Director of Central Intelligence agreed to supply the House Permanent Select Committee on Intelligence with "annual summaries of CIARDS retirements which are not based solely on overseas service."

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Individuals who retire under the non-disability provisions of CIARDS must have at least 60 months of qualifying service. This can be all overseas service, all qualifying domestic service, or a combination of the two.

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During the fiscal year ending 30 September 1981, 152 employees retired under the non-disability provisions of CIARDS. Most of them (140 or 92% of the total) had 60 or more months of overseas service. Eleven had some overseas service and also used some domestic service as qualifying. Only one had no overseas service but used a full 60 months of qualifying domestic service.

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The regulations which prescribe the criteria for considering service to be qualifying read as follows:

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- (12) "Qualifying service," for purposes of designation and continued participation, means performance of duty as an Agency employee:
- (a) When assigned either PCS or TDY to any place outside the fifty states, the District of Columbia, Puerto Rico, the Virgin Islands, and Guam;
 - (b) Which in support of Agency activities abroad requires a substantial risk to the life or health of the employee;
 - (c) Which requires the continued practice of tradecraft under conditions of most stringent security for the purpose of maintaining personal cover in support of Agency activities; or
 - (d) Which, when retirement is imminent, is adjudged to have been so sensitive or so specialized that security requirements forbid disclosure of this duty and that as a result,

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it is unlikely the employee will be able to obtain employment for which otherwise qualified.

Of the twelve employees who used domestic service as qualifying for non-disability retirement during the fiscal year, two used domestic service exclusively under the hazardous duty provisions of paragraph (b). Ten used domestic service qualifying entirely under the tradecraft provisions of paragraph (c). None used specialized domestic service under paragraph (d), and none used any combinations of (b) and (c).

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Additional details of the incidence, amounts, and types of qualifying domestic service included in retirements under the non-disability provisions of CIARDS during the fiscal year ending 30 September 1980 are shown in TABLES A, B, and C which follow. Further data are found in TABLES 3, 16, and 17 of PART III.

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TABLE ANon-Disability Retirees by Qualifying ServiceYear Ending 30 September 1981

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<u>Qualifying Service</u>	<u>Number</u>	<u>% of Total</u>
60 months domestic	1	.7%
60 months overseas	3	2.0%
60 months combined	11	7.2%
More than 60 months overseas	<u>137</u>	<u>90.1%</u>
Totals	152	100.0%

TABLE BMonths of Domestic Service Approved as QualifyingYear Ending 30 September 1981

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<u>Months Approved</u>	<u>Number of Retired Employees</u>	<u>Total Months</u>
1	2	2
2	1	2
3	2	6
21	1	21
24	1	24
30	1	30
41	1	41
56	1	56
59	1	59
60	<u>1</u>	<u>60</u>
Totals	12	301

Average months per retiree - 25

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TABLE C

Months of Qualifying Service by Type
CIARDS Retirees Year Ending 30 September 1981
(Excludes Retirees Using Overseas Service Only)

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<u>Retiree Number</u>	(a) <u>Overseas</u>	(b) <u>Hazard</u>	(c) <u>Tradecraft</u>	(d) <u>Specialized</u>
1	59		1	
2	30		30	
3	36		24	
4	58		2	
5	1		59	
6	57		3	
7	4	56		
8	57		3	
9	19		41	
10			60	
11	59		1	
12	<u>39</u>	<u>21</u>	<u> </u>	<u> </u>
Totals	419	77	224	0

Total Months of Domestic Service - 301

Average Months of Domestic Service Per Retiree - 25

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CHANGES IN CIA RETIREMENT ACT

The Central Intelligence Agency Retirement and Disability System (CIARDS) was established by Public Law 88-643 which was enacted 13 October 1964 and entitled "Central Intelligence Agency Retirement Act of 1964 for certain employees."

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Until 1976 CIARDS could be changed only by another Act of Congress. Because trends in Federal retirement systems are normally enacted first as amendments to the Civil Service Retirement System (CSRS), the system that applies to most Federal employees, and are then extended to the other smaller systems, long delays were experienced after changes were made in CSRS before the legislative process could amend the laws to extend the changes to the smaller systems.

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In 1976 the Congress, by Public Law 94-522 enacted 17 October 1976, authorized the President to issue Executive orders to conform CIARDS to newly enacted amendments to CSRS. He can do this if CIARDS has a provision of law substantially identical to the provision of CSRS.

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Changes in CIARDS now follow a pattern. First, CSRS is amended by Act of Congress, then the President issues an Executive order to extend the amendment to the CIA Retirement Act, and finally, the Central Intelligence Agency amends its regulations to conform to the provisions of the Executive Order.

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EXECUTIVE ORDERS

Three Executive Orders conforming CIARDS to CSRS were issued in the fiscal year ended September 30, 1981. These orders reflected CSRS amendments effected by Public Law 96-179 enacted 2 January 1980; by Public Law 96-391 enacted 7 October 1980; by Public Law 96-499 enacted 5 December 1980; and by Public Law 97-35 enacted 13 August 1981. Changes resulting from the three Executive Orders are described below. ☐

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A. Executive Order 12253, issued 25 November 1980

1. Eliminates the "living with" requirement for a natural child to qualify for survivor benefits.
2. Establishes a uniform dependency requirement for child survivor benefits. ☐

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B. Executive Order 12273, issued 16 January 1981

1. Prorates the first cost of living annuity adjustment for each annuitant.
2. Eliminates the provision under which newly-issued annuities formerly reflected a prior cost of living increase. ☐

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C. Executive Order 12326 issued 30 September 1981

1. Requires that the spouse of a retiring employee be notified if less than maximum survivor protection is elected.
2. Amends the definition of "disability" to require disability for any vacant position available in the Agency at the same grade or level.
3. Reduces or eliminates the disability annuity minimum for individuals receiving certain benefits based on military service.
4. Eliminates one cost of living annuity adjustment each year.
5. Authorizes the Central Intelligence Agency to obtain needed information from the Department of State, the Department of Defense, and the Veterans Administration.
6. Authorizes voluntary withholding from annuity payments of income taxes for a State.

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REGULATIONS

The Agency Regulations were revised 30 December 1980 to:

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1. Add a statement of policy that the Agency will conduct a continuing program to administer CIARDS in accordance with the law and the regulations.
2. Reflect the changes relating to survivor annuities and court-ordered payments effected by Executive Order 12197 issued 5 March 1980.
3. Reflect the change in name from Civil Service Commission to Office of Personnel Management.
4. Reflect the change in title from Director/Office of Personnel to Director/Office of Personnel Policy, Planning, and Management which had become effective 1 January 1980.

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Both the Chairman of the House Permanent Select Committee on Intelligence and the Chairman of the Senate Select Committee on Intelligence were advised of these regulation revisions, and of earlier revisions approved 8 May 1979 and 30 May 1979, by letters dated 21 January 1981.

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Another extensive revision was in the final clearance process on September 30, 1981, and has now been issued on 23 October 1981. These revised regulations reflect the changes in CIARDS effected by:

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Executive Order 12253 dated 25 November 1980

Executive Order 12273 dated 16 January 1981

Executive Order 12326 dated 30 September 1981.

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These Executive Orders, which are described in the preceding section of this report, conform CIARDS to changes in the Civil Service Retirement System enacted as:

Public Law 96-179 dated 2 January 1980

Public Law 96-391 dated 7 October 1980

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Public Law 96-499 dated 5 December 1980

Public Law 97-35 dated 13 August 1981.



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NAME CHANGE FOR PERSONNEL FUNCTION

On 1 January 1980 the Personnel Management function was relocated in the Office of the Director of Central Intelligence. The title Director of Personnel and the name of the organizational unit Office of Personnel were changed to Director of Personnel Policy, Planning and Management and Office of Personnel Policy, Planning and Management respectively.

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The organizational change was made primarily to emphasize the importance of the personnel function, and it also highlighted CIARDS as a valuable management tool.

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Effective 4 May 1981 the Office of Personnel Policy, Planning and Management was renamed the Office of Personnel, and its head once again became the Director of Personnel. The Director of Personnel still reports directly to the Deputy Director of Central Intelligence.

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INSPECTOR GENERAL STUDY OF CIARDS

The Inspector General has a continuing responsibility to conduct routine examinations of the Agency's operations. The Inspector General completed a study of the Central Intelligence Agency Retirement and Disability System this year and submitted an inspection report dated June 1981 to the Director of Central Intelligence.

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This report did not contain any recommendations for changes in the way the Agency administers CIARDS. The findings confirm that the system is effectively accomplishing its objectives.

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Several quotes from the report will reflect the Inspectors' views as to how well the Agency is exercising its discretion to approve service as qualifying for participation in CIARDS.

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Referring to the CIA Retirement Board, the report states:

"The Board was established in 1965 to play the central role in administration of the System, and the seriousness assigned to the Board's adjudication of claims to membership in CIARDS has been continuously evident".

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Also:

"We have examined transcripts of the Board's proceedings spanning the years. They reflect a serious, deliberative body, one which makes frequent reference to the guidelines in law and regulation and to its own precedents. The Deputy Director of Personnel has chaired the Board over the past seven-plus years, and his leadership has been, we think, exemplary - in particular, the very close look he requires be given to claims of domestic

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qualifying service, the reluctance to accept classes of such service, and the insistence instead on examination of the specifics of each claim vis-a-vis the regulation's criteria."

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With specific reference to approval of domestic service as qualifying, the inspectors reported:

"We found the Board has been scrupulous in applying the extra-statutory criteria for membership ***." Also, "**** we conclude that the Retirement Board's interpretations are conscientious and tight."

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The findings of the Inspector General reflected by the above quotes are on all fours with conclusions reached by this writer after extensive review this year and in each of the preceding five years.

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PART III
STATISTICAL DATA

The tables found in this part are intended to show statistically what happened during the current fiscal year. Comparable data for other years provide a basis for understanding trends and accumulative results. 25X1

A brief discussion of some of the highlights from the tables is in order. 25X1

PARTICIPATION IN CIARDS

The primary purpose of this study and report is to ascertain whether the Agency is complying with the intent of Congress that CIARDS be a system for a limited number of employees. Both the Agency and the Congress have frequently referred to an understanding that participation would be about 30 percent. Actual participation has exceeded 30 percent in only five years since the system was approved in 1964, and has been less than 30 percent in every year after 1975. 25X1

In 1976, the Agency changed its policy regarding designation of employees, and began to designate for participation only after at least sixty months of qualifying service. Before this change was made, an employee could be designated with as little as eighteen months of qualifying service, but was later removed from the system if he or she did not perform additional qualifying service. 25X1

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The final effects of this 1976 policy change are now fully reflected in the statistics. As of 30 September 1981 the system contained only two participants who had less than sixty months of qualifying service, and only 20.8 percent of Agency employees were CIARDS participants. This percentage will vary from year to year, but unless there is a decided change in the number of employees who serve overseas, CIARDS participation should stay in the range of twenty to twenty-two percent. See TABLE 1. ☐

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DESIGNATIONS AND REMOVALS

The 1976 policy change that requires at least sixty months of qualifying service has also drastically reduced the in-and-out traffic of designations and removals. The total number designated for all years after 1976 combined (445), is less than the numbers designated in 1967 and in each of the years 1969 through 1972. Only 72 employees were designated from 1 January to 30 September 1981. ☐

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The number of employees removed from CIARDS participation has also been affected by the 1976 policy change. The records of each participant have been reviewed at the tenth or fifteenth anniversary of his or her service in the Agency, and those with less than sixty months of qualifying service have been removed. Almost 300 participants have been removed since 1976, but only 18 in the period 1 January to 30 September 1981. As of 30 September 1981 the system contained only two participants who had less than sixty months of qualifying service, and these two have now been informed that they are to be removed. See TABLE 2. ☐

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CIARDS PARTICIPATION BASED ON DOMESTIC SERVICE

During the fiscal year 1981 the CIA Retirement Board received 20

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applications for participation based at least in part on domestic qualifying service. Of these, 14 or 70 percent were approved. This compares with an average approval rate of 73 percent for all years since the system began.

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Two of the six employees whose applications were not approved appealed. Both appeals were still pending as of 30 September 1981. See TABLE 3.

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CIARDS RETIREMENT ELIGIBILITY

Twenty-one percent of CIARDS participants are eligible to retire at any time they choose under the voluntary provisions of the system. Another fourteen percent would be eligible for retirement if involuntarily separated. Thus, of the total of participants as of 30 September 1981, 35% meet the eligibility requirements for CIARDS retirement. See TABLE 4.

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RETIREMENTS IN THE FISCAL YEAR 1981

As in prior years, the two Directorates of Operations and Administration provided the bulk of Agency retirements. Of employees who retired under CIARDS, 74 percent were from one of these Directorates, as were 60 percent of total Agency retirements. See TABLE 5.

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Eligibility for voluntary retirement under CIARDS begins at age 50, while under Civil Service Retirement the age for normal optional retirement begins at age 55. Not surprisingly, 68 percent of CIARDS retirements were at ages 50 through 55, while 60 percent of CSR retirements were at ages of 55 through 60. See TABLE 6.

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Only one of the 164 employees who retired under CIARDS during the

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year had completed less than 20 years of service. Only 5 had just 20 years of service, while 145 had 25 years or more and 67 had 30 years or more. See TABLE 7.

Employees retiring under CIARDS at age 50 had an average of 27.1 years of service. Less than 5 percent had only the minimum of 20 years needed for retirement eligibility. See TABLE 8.

RETIREMENTS FROM 1965 TO 30 SEPTEMBER 1981

Since CIARDS began in 1964, a total of 157 participants have died in service. Another have retired, with 67 percent, going out under the provision for voluntary retirement. Involuntary separations have accounted for 15 percent of total retirements, while 7 percent have been mandatory age retirements, 11 percent have been for disability, and less than 1 percent have been deferred annuities payable to employees who left the Agency before they were eligible for immediate retirement. See TABLE 9.

Civil Service Retirements have totaled in the years 1965 through 1981. Of these, 37 percent were optional, 13 percent were mandatory for age, 30 percent were discontinued service, and 20 percent were for disability. Age retirement under CSR was abolished in 1978. See TABLE 10.

Since CIARDS became effective in fiscal year 1965, more Agency employees have retired under Civil Service Retirement than under CIARDS This is changing, however. The majority of employees retiring in each year from 1975 on have gone out under the Central Intelligence Agency Retirement and Disability System. See TABLE 11.

On the average, employees retiring in 1981 under the Central Intelligence Agency Retirement and Disability System were 4.2 years

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younger than those retiring under Civil Service Retirement. The average age of CIARDS retirees was 53.3 years; the average age under CSR was 57.5 years. See TABLE 12. ☐

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A majority of Agency employees who retired in 1981 were in the age group 50 through 60 (82 percent). This is also true for both CIARDS and CSR. Only 5 percent of the total were under age 50 and only 13 percent were older than age 60. See TABLE 13. ☐

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In 1980, 76 percent of Agency employees retiring under CIARDS were in grades GS-13 (or equivalent) and above, and 84 percent were in GS-12 and above. In 1981, only 70 percent retired at GS-13 and above, and only 77 percent at GS-12 and above. There was less change in the grades of employees retiring under the Civil Service Retirement System. The percentage of those retiring at GS-13 and above dropped from 64 percent in 1980 to 61 percent in 1981, while GS-12 and above remained at 69 percent - the same as 1980. See TABLE 14 and TABLE 15. ☐

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QUALIFYING SERVICE

Most employees who retire under CIARDS meet the eligibility requirement of sixty months of qualifying service because they have served overseas for at least five years. All overseas service is qualifying, whether on permanent assignment or on temporary duty, and regardless of location or of type of duties performed.

Domestic service may be qualifying if it meets very strict standards of security or personal hazard. However, domestic service is never used unless it is needed to meet the sixty-month requirement, and then only in the amount needed to complete the sixty months. For example, if an employee had completed fifty months of service overseas, and forty

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months of domestic service that would meet the Agency's strict standards for qualifying, he would be credited with only the ten months of domestic qualifying service needed to complete the required sixty months.

Since CIARDS began, 90 percent of retiring employees have had sixty or more months of overseas service. Another nine percent have had some overseas service, but less than sixty months, and have been eligible for retirement because they also have had some qualifying domestic service.

Less than one percent have had no overseas service and have retired on the basis of sixty months of qualifying domestic service. Only 29 employees have been in this category - an average of less than two a year since CIARDS began.

More than seventy percent of the retiring employees who have used some domestic service to qualify had completed at least two years of service overseas. Almost half of them had three or more years overseas.

Because overseas service is credited as qualifying even through the total exceeds sixty months, most retiring employees have more than met the minimum requirement. Actually, of the 3,396 employees who have retired on immediate non-disability annuity, 2,912 or 86 percent had more than sixty months of qualifying service. See TABLE 16, TABLE 17, and TABLE 18.

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AGE COMPARISONS

TABLES 19, 20, 21, and 22 compare data on age and grade of active employees, as of 30 September 1981, with like data for past and projected future dates.

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PART IV
FINDINGS AND CONCLUSION

FINDINGS

1. Congressional intent that the Central Intelligence Agency Retirement and Disability System should be limited to about [] of Agency employees was expressed during committee hearings on the original legislation and on several occasions since. Actual participation is now well below expectations - only one out of five Agency employees is now a designated participant in CIARDS. Participation is expected to remain [] for the next several years. []
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2. The total number of employees retiring from the Agency has dropped from about six hundred a year in fiscal years 1979 and 1980 to about three hundred in fiscal year 1981. Roughly half of all retirements are under the Central Intelligence Agency Retirement and Disability System, with the other half under the Civil Service Retirement System. []
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3. Turnover has considerably changed the membership of the CIA Retirement Board. While the present Chairman has served in that capacity since 1973, the other four members have all been appointed since August 1980. This change in membership has not resulted in any apparent change in the way the Board operates, or in its continued strict adherence to the law, the regulations, and Agency policy governing the exercise of the discretion to designate employees for participation in CIARDS. []
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4. The CIA Retirement Act was amended by three Executive Orders to conform to changes already enacted for the Civil Service Retirement System. Agency Regulations affecting CIARDS were revised twice during the fiscal year. These changes, effected by Executive Order and by revision of regulations, applied primarily to benefit provisions of the system. None of them had any bearing on the exercise of discretion to designate Agency employees for participation in CIARDS.

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5. The personnel function is still located organizationally in the Office of the Director of Central Intelligence. The name Office of Personnel Policy, Planning and Management and the title Director of Personnel Policy, Planning and Management have reverted to the former simpler designations Office of Personnel and Director of Personnel respectively.

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6. An examination of the Agency's administration of CIARDS, conducted by the Inspector General, resulted in conclusions that "the CIA Retirement Board has been scrupulous in applying the extra curricular criteria for membership," and that "the Retirement Board's interpretations are conscientious and tight."

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CONCLUSION

During the fiscal year ending 30 September 1981 the Agency has continued to administer the Central Intelligence Agency Retirement and Disability System in strict compliance with the law and the regulations and with observance of Agency policies and precedent decisions

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The CIA Retirement Board continues to consider each individual case with an apparent desire and intention that there be no deviations or exceptions, and none were found in the course of a through review.

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The Agency has fully complied with the Congressional intent that CIARDS be a retirement system for a limited number of employees. Participation is currently at about twenty percent of Agency employees, well below the limit of thirty percent set unofficially by mutual understanding between the Agency and the Congress.

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The discretionary authority given to the Director of Central Intelligence to designate Agency employees for participation in CIARDS, and which he has delegated to the CIA Retirement Board and the Director of Personnel, has been carefully exercised in a manner wholly consistent with the intent of Congress as expressed in Committee hearings and in exchanges of correspondence.

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